

Why China is confident about a war with the US (Part 2), by Hua Bin - The Unz Review

Jan. 22nd, 2026

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In part one of the essay, I have touched on the critical asymmetries in Chinese and US capabilities in a shooting war.

I discussed China's asymmetric advantages in geography, will to fight, military preparedness, as well as the knowledge and intelligence of commanders and soldiers.

In this second part, I will focus on the most critical capability gap between the two – the *physical capability* for war fighting.

This is the material aspect that determines winning and losing, regardless empty rhetorics and biased beliefs.

The term *physical capability* means what each belligerent can bring to the fight in terms of weapons, their quality and quantity, the speed they can be produced and replenished, and how much they would cost.

In short, we are talking about who can sustain a high intensity conflict with superior weaponry as well as superior industrial scale, speed, and cost.

The winner is going to be the one with the superior *physical capabilities* in war fighting and war production – the most fundamental material aspect of wars.

Asymmetry in Physical Capabilities

China will prevail, in the final analysis, because it enjoys vastly superior *physical capabilities* over the US.

The confidence is built upon physical reality – China's ability to make everything needed for such a war, make a lot of them, and make them cheaply and quickly.

I'll let data and facts to make the case. To do that, I have inserted a large number of hyperlinks to specialist websites on the technical and military subjects covered.

For those interested in technical details, I encourage you to click on the links. Otherwise, you only need to read the headline summaries.

Everyone is aware the US and China are the two largest economies in the world. Many use the size of the economies as proxies for national power.

However, two critical differences exist between the two countries. They serve as the fundamental macro context to understand the physical capability gap between the two states.

First difference is the composition of the two economies. Simply put, China has an industrial economy while the US has a financialized economy. The implication of this difference on physical capabilities is enormous.

Second difference is state capacity in mobilization and execution of large physical projects, including war. China is led by engineers while the US by lawyers and bankers.

On one side, the leaders are problem solvers; on the other side, the leaders are friction creators and profiteers. The difference in leadership has implications on how war is prepared and prosecuted.

Industrial power vs. financial power

At market exchange rate, the US economy is \$30 trillion vs. China's \$20 trillion. At purchasing power parity, China's economy is between 30% to 60% bigger than the US, according to most experts including CIA and the World Bank.

30% of Chinese economy is manufacturing vs. 10% in the US. China's manufacturing value added is 35% of global total vs. US at 12%, even at nominal value.

China's merchandise trade surplus reached \$1.2 trillion in 2025 while the US ran a deficit of \$1.1 trillion.

The US economy is service based and over 85% of GDP come from sectors such as

- FIRE (finance, insurance and real estate)
- Healthcare (accounting for 18% GDP alone)
- Retail and distribution (i.e. selling stuff that others make)
- Software and technology
- Business services (legal, accounting, advertising, etc.)
- Hospitality
- Education
- Media & entertainment
- Imputed value (6% GDP such as hypothetical rental value of owner-occupied housing; China doesn't count accounting entry such as imputation in GDP calculation).

The US runs a large service trade surplus with the rest of the world, mainly in technology exports and finance.

The service economy may provide good-paying white-collar jobs. But its value is often untradable and easily inflated.

Service sector size accounts for the difference between Chinese and US economies. This is the economic sector that is the most difficult to make apple to apple comparisons.

An American Uber driver provides exactly the same service as a Chinese Didi driver but makes 5 or 6 times the pay.

Healthcare in China accounts for 7% of GDP vs. 18% in the US but life expectancy is longer in China.

Education is mostly public and basically free in China, including university education. It accounts for a tiny percentage of GDP contribution but China graduates 12.5 million college students a year vs. 2.1 million in the US.

Apart from making comparisons difficult, such service-based economic activities are largely intangible and useless in national emergencies and wars.

On the other hand, China's economy is much more *physical* and tangible with dominant positions in most of the world's industrial sectors from steel making, chemical production, electricity generation, machinery, electronics, ship building, automotive, solar, battery, construction, pharmaceuticals, to mining and refining minerals.

In most industrial categories, China is the world's leading producer, often producing more than the rest of the world combined (e.g. ship building, drones, mobile phone, computer, humanoids, electric vehicle, solar panels, as well as most categories of critical minerals – to name a few).

Look around your house and find out how many things are either made in China or made with intermediary goods from China.

Service sector accounts for just 55% of Chinese economy.

In essence, China has a fundamentally different and more substantive economy from the US.

A superficial nominal GDP comparison fails to highlight the gap in true national power.

China has *mastery over atoms* while the US has *mastery over bits*. China is far closer to the US in the mastery of bits than the US is to China over atoms. It is also closing any gap much faster.

Wars are physical. In any shooting wars that feature cost exchange and scale, China's physical advantages over the US and its vassals are insurmountable.

An imperfect analogy – the US today is like a former champion boxer who has switched to painting and writing poetry in the last 40 years while China has been spending his day in the gym pumping iron.

A wise man once said Machiavellian and Warren Buffet will be knocked cold by Mike Tyson in a fist fight.

In a boxing match, it doesn't matter how many tricks or how much money you have. What matters is the ability to deliver physical impact.

Physical capabilities gap

In nearly all physical sectors, China enjoys vast superiority in scale, speed, and cost. The differential is getting bigger over time.

These include –

- **Infrastructure** – building roads, bridges, ports, tunnels, etc.

One such example is the collapsed Francis Scott Key Bridge in Baltimore that was damaged by a container ship in a 2024 accident.

The 2.6 kilometer basic steel truss bridge over the Patapsco River is expected to take 6 years and \$5.2 billion to rebuild.

Compare that with the Hong Kong-Macau-Zhuhai Bridge in southern China, the world's longest sea-crossing bridge-tunnel system.

The engineering marvel is 55 kilometers long, including 23 km bridge sections, 6.7 km underwater tunnel, 25 km connecting viaducts and artificial islands.

It is designed to withstand magnitude 8 earthquakes and super-typhoons with a lifespan of 120 years.

It took Beijing 9 years and RMB127 billion (\$19 billion) to construct. It opened in 2018 and this month welcomed its 1-billionth passenger (there are customs checkpoint to record the coming and goings).

- **Transportation** – China owns 8,000 merchant ships vs. US's 177. According to US Navy Secretary John Phelan, China had around 1,800 ships under construction in 2022. The US had 5. China's share of global shipping order is 71%.

Since 2005, China built 50,000 kilometers high-speed rail. The global total, including China, is 60,000. The US has zero.

China produced 34.5 million automobiles in 2025, including 16.6 million EVs; the US produced 10 million cars including 1.5 million EVs

- **Electricity** – China's total electricity generation reached 10.6 trillion kilowatt-hours (kWh) in 2025 vs. US generation of 4.2 trillion kWh, according to the US Energy Information Administration.

The agency reported that China added 445 gigawatts of power capacity in the first 11 months of 2025 while the US was projected to add 64 GW in 2025.

China's annual electricity consumption growth is equal to the total annual production of Germany. And China is adding ***TWO*** Germany's worth of generation capacity every year.

China has 36,000 kilometers Ultra High Voltage (UHV) transmission lines vs. 0 in the US.

State Grid, the world's 3rd largest corporation by revenue behind Walmart and Amazon, just announced a RMB4 trillion (\$574 billion) investment plan over the next 5 years to upgrade its grids and boost renewables as AI demand accelerates energy usage.

China produces over 50% global electricity generation supply chain from prime movers, generators, transformers, capacitors, circuit breakers, switches, power compensators, to inverters and converters.

Nearly all of above items need to be imported in the US

- **Energy** – the US is the world's largest producer of fossil fuel; while China dominates green energy production – 80% of global solar and battery supply, 65% of wind turbines, and 31% of hydro power
- **High tech hardware** – China accounts for over 50% global electronics, smart phone, computer, smart home device, robot, drone, and humanoid production.

For example, Hangzhou-based startup Unitree delivered 5,500 humanoid robots in 2025, compared with the leading US makers Tesla, Figure AI, and Agility Robotics who each shipped roughly 150 units.

- **Machinery/equipment** – China is the top producer of cranes, tunnel boring machines, mining and refining equipment, MRI machine, computer

numerical control machine, fibre optic cable (including those used by Ukraine's drones)

- **Mining and refining of critical minerals** – China dominates rare earth and other critical minerals for high tech production, green transition, and defense such as polysilicon, gallium, tungsten, germanium, cobalt, graphite, lithium, nickel, copper, and artificial diamonds.
- **Pharmaceuticals** – China dominates the global market for key starting materials (KSMs) and active pharmaceutical ingredients (APIs).

China controls 60-80% global API market, especially generic APIs such as antibiotics, pain killers, and cardiovascular drugs.

China accounts for 60-75% global supply of KSMs, particularly for complex, multi-step syntheses where cost efficiency and scale matter.

If a war breaks out between the US and China, US hospitals need to find new suppliers for 95% of their antibiotics.

- **Traditional heavy industry** – in steel, cement, bulk chemicals, building materials, China's production is often 10 times or more than the US.
- **Tech infrastructure** – according to Gemini, China deployed 3.4 million 5G base stations by the end of 2024, or 60% global total vs. 200,000 in the US; China installed 10.3 million public EV charging stations by end of 2024, or 70% global total vs. 220,000 in the US
- **Urban development** – there are 145 Chinese cities with population of 1 million and over vs. 11 in the US.

Even with their 4X population size difference, China has a well-publicized “housing overcapacity issue” known as “ghost towns” (too many empty houses); while the US has an equally well-known “homeless” problem or should I say, correctly, “unhoused” problem.

- **Military hardware** – the US delivers 1.6 to 2 destroyers a year (Arleigh Burke class) while 4 11,000-ton Type 055 hulls are built side-by-side simultaneously in one shipyard in Shanghai.

China is building 16 Type 093B nuclear attack submarines at the same time while the US produces 1.2 a year when Navy budget requires 2.3 per year.

China is test flying 3 separate 6th generation fighters since December 2024. The J-36 has flown 3 variants already. The US NGAD F-47 6th gen fighter is forecast to fly its first prototype by 2028 at the earliest.

As the US air force is still conceptualizing collaborative combat aircraft (CCA), China has fielded numerous autonomous unmanned “loyal wingman” drones already, including GJ-11, GJ-21, Anjia, FH-97A, CH-7, etc.

Anecdotal cases show the same pattern

The data comparison I listed may be a bit drab. A couple of anecdotal cases could be more illustrative.

In June 2024, 2 US astronauts were stranded on the International Space Station when NASA’s Starliner suffered thruster failures and helium leaks.

Instead of the original one week mission, they were forced to stay for 9 months before a SpaceX capsule came to their rescue in March 2025.

In November 2025, 3 Chinese Taikonauts on Shenzhou-20 mission were similarly stranded on the Tiangong Space Station when their return capsule was hit by space debris. What happened next couldn’t be more different.

China’s Manned Space Agency (CMSA) sent a replacement spacecraft to return them home. Their stay was extended by a mere 9 days.

After undergoing on-orbit internal repairs, the empty Shenzhou-20 capsule was undocked and successfully returned to earth on January 19, 2026.

Another example is more personal.

I just bought my first EV made by Shanghai Automotive (SAIC) – a MG IM L6 model. It is a mid-market 5-seater SUV and cost about RMB135,000 after promotions (\$19,300).

My last ICE car – a 2012 Maserati Quattroporte (4.7L, Ferrari F136 V8 engine) – cost RMB2,450,000 (\$338,000).

The Quattroporte is a beauty and a beast. It has 430 horsepower and can reach top speed of 285 km/h. The car can accelerate from 0 to 100 km/h in 5.1 seconds.

I didn't buy the IM L6 for speed or thrill. It's a family car. However, I am pleasantly surprised to find out the IM L6 has maximum power output of 570 kW, equal to 775 horsepower.

Its 0 to 100 acceleration is 2.7 seconds and top speed 300 km/h.

Weirdly, my mid-market sports utility electric vehicle has a higher power and speed than the Maserati Quattroporte.

These anecdotal examples may not be relevant to a discussion about wars but should give people a sense of China's physical capabilities.

The West's industrial dependency on China

China's chokehold on rare earth elements (REEs) is a well-established fact by now. Beijing enjoys virtual monopoly in rare earth refining and magnet production, particularly the most valuable heavy rare earth.

But the REEs chokehold is merely the tip of the iceberg. China is the dominant global producer in a wide range of critical minerals and commodity products such as antibiotics.

It also has a significant position in the global semiconductor supply chain, especially in the mature nodes such as those found in automotive, electronics, and smart home devices.

The recent case of Chinese-owned Netherlands-based Nexperia is a case in point.

When the Dongguan chip packaging facility embargoed Europe auto makers for the illegal Dutch government capture of Nexperia's European operations, most European automakers such as VW were on the verge of stopping their assembly lines.

The West depends on Chinese intermediate goods and capital equipment for a wide range of its own industrial production and green transition.

Even if there are supply sources the West can switch to, it will likely incur massive capital expenditure and suffer a significant cost increase – at a time when the collective west is still struggling with inflation.

Examples of China's physical superiority

In this part, I'll simply list a random batch of tech and military news headlines that are in my inbox from the past week to illustrate China's physical superiority and military rise.

You can click into the hyperlinks for further details.

The links to military tech reporting are to give a flavor of the pace and scale of Chinese mil-tech innovations.

Xiaomi beat Ferrari supercar in straight-line drag race test *(by Interesting Engineering)*

<https://interestingengineering.com/transportation/xiaomi-ev-beats-ferrari-sf90-xx>

China deploys the world's first megawatt-level airborne windmill *(by Interesting Engineering)*

<https://interestingengineering.com/energy/worlds-first-megawatt-airship-rises-6560-ft>

China builds the world's most powerful "hyper-gravity machine" that compresses space and time *(by Futurism)*

<https://futurism.com/robots-and-machines/china-builds-hypergravity-centrifuge>

China just launched the world's most complex railway project for \$50 billion – 1,800 km Sichuan-Tibet high speed rail line to be built at 4,000 meter altitude *(by Click Petrol & Gas)*

<https://en.clickpetroleogas.com.br/China-mobilizes-thousands-of-engineers-to-altitudes-above-4-000-meters--cutting-through-entire-mountains-to-open-1-600-km-of-tunnels-and-viaducts.-vml97/>

China files plan to send 200,000 satellites into orbit *(by ZME Science)*

<https://www.zmescience.com/future/china-just-filed-plans-for-200000-satellites/>

Researchers at National University of Defense Technology accelerates a 1-ton train to 700 km/h in 2 seconds using electric maglev technology *(by Click Petrol & Gas)*

<https://en.clickpetroleogas.com.br/asaf04-asaf04-5/>

Alibaba's Qwen leads global open-source AI with 700 million downloads (*by China News Agency*)

<https://english.news.cn/20260113/004b0522f987475cbf83ffc3a8d009aa/c.html>

China's secret lithography project challenges ASML's monopoly (*by IDN Financials*)

<https://www.idnfinancials.com/news/59732/chinas-secret-lithography-project-challenges-asmls-monopoly>

World turning to China for efficient, low cost, and customizable AI (*by ZD Net*)

<https://www.zdnet.com/article/china-open-ai-models-versus-us-llms-power-performance-compared/>

China dominates global humanoid market with over 80% of installations (*by South China Morning Post*)

<https://www.scmp.com/tech/big-tech/article/3340142/china-dominates-global-humanoid-robot-market-over-80-installations?share=raDAZCPx7WHUx%2BK9o6GVUYj7syx4%2FMctgZDlNT5Oo8bKeOhWZAYq>

China's nuclear submarine fleet overtakes Russia as production surges (*by Military Watch*)

<https://militarywatchmagazine.com/article/china-nuclear-submarine-production-surge>

China develops Type 096 ballistic missile subs to challenge US Ohio-class and future Columbia-class subs (*by Army Recognition*)

<https://www.armyrecognition.com/news/navy-news/2026/china-develops-type-096-ballistic-missile-submarine-to-challenge-us-undersea-nuclear-deterrence>

China's 3rd J-36 sixth generation fighter completes test flight (*by Defense Security Asia*)

<https://defencesecurityasia.com/en/china-j36-sixth-generation-fighter-third-prototype-milestone-flight-test/>

J-10 fighter seen equipped with YJ-21 hypersonic anti-ship missile (*by Army Recognition*)

<https://www.armyrecognition.com/news/aerospace-news/2025/chinas-j-10-fighter-seen-with-possible-yj-21e-hypersonic-anti-ship-missile-in-new-images>

China's supercooled radar chips boost stealth jet detection range by 40% (*by Interesting Engineering*)

<https://interestingengineering.com/military/chinas-supercooling-tech-boosts-radar-chips-performance>

Chinese cargo ship packed with modular missile launchers (*by The War Zone*)

<https://www.twz.com/sea/chinese-cargo-ship-packed-full-of-modular-missile-launchers-emerges>

Chinese cargo ship (same one as above) with electromagnetic drone launcher and vertical missile cells (*by US Navy Institute*)

<https://news.usni.org/2026/01/07/chinese-merchant-ship-sports-electromagnetic-drone-launcher-vertical-launching-systems>

Chinese Navy fields intercontinental anti-ship hypersonic missile capable of reaching US west coast (*by US Navy Institute*)

<https://news.usni.org/2025/12/26/chinese-forces-fielding-intercontinental-anti-ship-ballistic-missiles-capable-of-reaching-u-s-west-coast-pentagon-says>

China's DF-27A hypersonic missile with strike range between 8,000 to 9,000 kilometers at average speed of Mach 8.6 (*by Defense Security Asia*)

<https://defencesecurityasia.com/en/china-df-27a-hypersonic-missile-test-mach-8-indo-pacific/>

China's ultra long range sixth-gen fighter marks milestone with third prototype model (*by Military Watch Magazine*)

<https://militarywatchmagazine.com/article/china-ultra-long-range-sixth-gen-milestone-flight>

China deploys high-power microwave weapon against drone swarms (*by Army Recognition*)

<https://www.armyrecognition.com/news/army-news/2026/china-deploys-hurricane-3000-microwave-weapon-for-operational-counter-drone-warfare>

Chinese scientists develop supercooling to boost the performance of gallium nitride (GaN) radar systems by 40% (*by South China Morning Post*)

(GaN-based AESA radar is the world's most advanced radar system and widely used in China's stealth planes and navy ships as well as ground stations)

<https://www.scmp.com/news/china/science/article/3340053/chinas-supercooling-tech-packs-40-more-punch-chips-used-military-radar?share=yNY9w3aw1QXLsZrGkrWhP6oPOB7SWXw62KlWFTUNAeimtWvG%2FLKtP>

China will field 1,000 J-20 heavy stealth fighters by 2030 (*by Military Watch*)

<https://militarywatchmagazine.com/article/china-1000-j20-stealth-2030-rusi>

Scientists invent 6G surface to turn enemy radar beams into energy for stealth jets (*by Interesting Engineering*)

<https://interestingengineering.com/military/china-6g-surface-tern-radar-beam-power>

Military air logistics revolution with unmanned cargo planes (*by Military Watch*)

<https://militarywatchmagazine.com/article/china-leads-air-logistics-revolution-tianma1000>

China's vision for future air war – space aircraft carrier (*by Bishop Strow*)

<https://www.bishopstrow.com/18-166299-china-unveils-its-vision-of-future-war-with-space-aircraft-carrier-some-pieces-are-already-in-place-trending/>

Examples of US military capability gaps

In contrast with the accelerating Chinese military and technological innovations, the US military is encountering numerous challenges in its physical capabilities.

An example of the widening gap with China is the US Navy's surface combatant failures.

A basic Google Gemini search on “failed US surface combatant programs in the past 2 decades” turns out the below results –

In the past two decades, the U.S. Navy has faced significant challenges with its surface combatant acquisition, resulting in several programs being truncated, restructured, or canceled due to cost overruns and design instabilities.

Major Failed or Truncated Programs

- ***Constellation-class Frigate (FFG-62):*** *Canceled in November 2025 after only the first two ships were under construction. Although intended to be a low-risk design based on the European FREMM, extensive modifications led to design instability and cost ballooning. The Navy plans to replace it with a simpler “Small Surface*

Combatant” (FF(X)) based on the Coast Guard’s Legend-class National Security Cutter.

- ***Littoral Combat Ship (LCS):*** *Characterized by the GAO as a major failure due to mechanical unreliability, hull cracking, and the failure of planned “mission modules” to become operational. Originally intended for over 50 ships, the program was curtailed, and several ships have been decommissioned decades before their intended service life ended.*
- ***Zumwalt-class Destroyer (DDG-1000):*** *Truncated from 32 ships to just 3 due to spiraling costs. The centerpiece Advanced Gun System (AGS) was effectively neutralized when the Navy canceled its specialized, hyper-expensive ammunition.*
- ***CG(X) Next-Generation Cruiser:*** *Canceled in 2010 during the early design phase as part of broader defense cuts. It was intended to replace the Ticonderoga-class cruisers but was deemed too expensive for then-current budgets.*

Service Life Management Failures

- ***Cruiser Modernization Program:*** *An audit found the Navy “wasted” nearly \$2 billion attempting to keep 11 aging Ticonderoga-class cruisers in service. Despite these investments, the ships faced persistent maintenance issues, leading to early retirement for many and a shift in resources toward newer platforms.*

Recent Strategic Shifts (2025–2026)

By early 2026, the Navy’s surface strategy has pivoted toward:

- ***Large Surface Combatant (DDG(X)):*** *Replacing the Cruiser/Destroyer fleet, though its procurement was delayed into the late 2020s to refine requirements.*
- ***Uncrewed Vessels:*** *Increased focus on smaller, cheaper autonomous platforms to augment the fleet and offset the loss of traditional large programs.*

For a deeper dive into the pathetic and wasteful failure of the highly expected *Constellation Class* frigate program, you can read this November 2025 War Zone

report. <https://www.twz.com/sea/navy-sinks-the-constellation-class-frigate-program>

Another example is hypersonic missile program, where the US gap with China and Russia is already at generational level.

China has at least a 10-year head start on hypersonic development and deployment vs. the US. According to Pentagon's China Military Power Report, China has conducted more hypersonic missile tests in the past 5 years than the rest of the world combined.

Despite the well-known gap, Pentagon has repeatedly failed to make progress and meet its own deadlines after billions of dollars of investments.

The US Conventional Prompt Strike (CPS) weapon system, its core hypersonic missile program, is not in operational status.

The plan is to start fielding in USS Zumalt and Virginia-class submarine sometime in 2026 or 2027. The technology is shared with the US Army's Long Range Hypersonic Weapon (LRHW), a.k.a. Dark Eagle.

After years of failure, the program reported first successful tests in June 2024. However, recent news shows the program's deployment faces repeated delays.

<https://www.scmp.com/news/world/united-states-canada/article/3340291/us-blows-past-another-deadline-field-its-first-hypersonic-missile?share=lsmcEgIVOPfUdPOQSZlCBQQvTO6xyLf5s8Af4k2QVpoih7WmmE4RHmf1XG>

According to public sources, the Pentagon has invested more than US\$12 billion since 2018 in an attempt to develop, test and deploy a hypersonic system.

The first battery will cost about US\$2.7 billion, including missiles, according to the Government Accountability Office.

Besides the high costs, the field deployment of the weapon system has suffered repeated delays.

The army missed a previous deadline of September 2023 to field the technology, and blew past another deadline in the past September.

In December 2025, the US Army announced “a significant advancement of military capabilities” when it activated a battery that operates the Dark Eagle hypersonic missile.

The Army did not mention at the time that the missiles were not ready until it is recently disclosed the operational deployment will be some time in 2026 or 2027.

The US Navy currently estimates the CPS system has a “flyaway” unit of cost of \$51 million per missile. For fiscal 2026, the Navy request \$663 million specifically for the production of 11 missiles.

In stark contrast, China has fielded numerous hypersonic missiles with various types of technologies (dual-conical, wave-rider, scramjet, HGV), range (1,000 km to 9,000 km, just below ICBM range), speed (Mach 5 to Mach 16).

Pentagon estimates China has over 600 such missiles fielded. The actual number is likely to be much higher.

Chinese hypersonic weapons cost from \$15-25 million per missile (US estimates) for the high-end (such as DF-17, DF-26 and DF-27A) to \$99,000 per unit for the low-end/export models (such as YKJ-1000).

According to the January 2026 China Military Power Report by the US Department of War, China is commissioning hundreds of hypersonic missiles every year while the US will only reach serial production in 2026, with plan for 48 to 72 missiles produced per year by 2030.

Due to its scale and cost advantages, China can conduct saturation attack with hypersonic missiles against US carrier groups.

A saturation attack is designed to overwhelm defender's systems by firing more munitions than their sensors and interceptors can handle simultaneously.

US war simulations show China can saturate a US carrier group's defenses for less than \$30 million using a swarm of missiles with "high-low mix", while the US would spend over \$200 million in interceptors just trying to survive the *first* wave.

In extreme scenario, China could launch dozens of YKJ-1000 at a target in saturation swarms that is mathematically impossible to fully intercept, ensuring 100% probability of a mission kill.

Even under the most optimistic scenario where the US carrier groups survive the swarm attack, the cost exchange will be so lopsided that the US cannot sustain a high intensity conflict.

Why the US cannot close the physical capability gap with China

The asymmetry in physical capabilities between China and the US is the result of decades long neoliberal economics that prioritize short-term financial returns over long-term industrial competitiveness.

The neoliberal economic dogma advocates outsourcing and "asset light" corporate strategy that moves production overseas and deemphasizes capital investment.

As a result, US businesses have focused on where return on investment is highest – product design, marketing, and distribution.

And they have delegated the “dirty work” of physical supply chain and production to poor third-world country workshops.

The best case studies of this business model are Apple and Nvidia, two of America’s most valuable companies.

Apple’s flagship product, the iPhone, is designed in California and made in Dongguan. Apple moved the dirty and low margin work of making the phone to China while retaining the high value-added design, branding, marketing, and distribution at home.

The result is Apple can design a great phone but cannot make a single one in the US.

Nvidia similarly is focused solely on GPU chip design and its CUDA software ecosystem while outsourcing the physical work of making the chips to TSMC in Taiwan with machines made by ASML in the Netherlands.

This hyper asset-light business model rewards Nvidia a gross margin over 80% and a market cap of \$4 to 5 trillion.

However, if China starts a military operation against Taiwan, Nvidia will have no physical chips to supply its AI data center clients.

While the capitalists in the US have created massive paper wealth, the country has lost its ability to deliver physical results.

This neoliberal economic model has led the US to become a financialized shell economy with an inflated service sector and a large but shallow GDP.

The governing system, in parallel, has degenerated into a “vetocracy” where fragmented interest groups regularly bloc collective endeavors.

State capacity is manifested in its propensity to regulate, debate, and stall rather than to produce and execute.

Societal ethos favor usury, lawfare, software, and media make-believe while viewing physical labor with distaste and aversion. Talents are directed to speculation and get-rich-quick schemes.

China has taken the opposite path and focused its resources squarely on the “real economy”.

President Xi’s campaign in the last decade to burst the real estate bubble, rein in monopolistic predatory internet platforms, pour resources to Belt and Road Initiative (BRI), and invest in Made in China 2025 has saved China from the western death spiral of deindustrialization and financialization.

This is the root cause of China’s physical superiority and there is no reversing.